

BEFORE THE TENNESSEE REGULATORY AUTHORITY

RECEIVED

2003 NOV -4 PM 3:55

IN RE:

APPLICATION OF JACKSON ENERGY :  
AUTHORITY FOR A CERTIFICATE OF :  
CONVENIENCE AND NECESSITY TO :  
PROVIDE TELECOMMUNICATIONS :  
SERVICES AS A CARRIERS' CARRIER :

T.R.A. DOCKET ROOM.

Docket No. 03-00438

---

PRE-FILED REBUTTAL TESTIMONY  
OF  
DANA R. WHEELER,  
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER,  
JACKSON ENERGY AUTHORITY

---

1 I, Dana R. Wheeler, do hereby testify as follows in support of the Application of the Jackson  
2 Energy Authority (“JEA”) for a Certificate of Convenience and Necessity as a Carriers’ Carrier  
3 (the “Application”) to provide certain telecommunications services in Madison County,  
4 Tennessee:

5  
6 **Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

7 A: My name is Dana R. Wheeler. I am the Senior Vice President and Chief Financial  
8 Officer of the Jackson Energy Authority.

9  
10 **Q: PLEASE BRIEFLY DESCRIBE YOUR DUTIES.**

11 A: As Senior Vice President and Chief Financial Officer, I have the responsibility for  
12 managing the financial aspects of the operations of JEA. I report directly to the Chief  
13 Executive Officer of JEA.

14  
15 **Q: PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND EDUCATIONAL  
16 BACKGROUND.**

17 A. Prior to my appointment as Senior Vice President and Chief Financial Officer of Jackson  
18 Energy Authority, I served as Senior Vice President of the Electric Division at Jackson  
19 Energy Authority (and its predecessor, Jackson Utility Division) from 1998 - 2003. Prior  
20 to this time, I served for two years as Vice President of Marketing and Business  
21 Development with Jackson Utility Division. From 1993 – 1996, I was employed with  
22 Allen & Hoshall Architects and Engineers in the Marketing and Business Development  
23 Department. Prior to 1993, I was co-owner and President of a successful retail computer

1 franchise, and from 1977 – 1985, I worked at Power and Telephone Supply as a sales  
2 engineer. Prior to 1977, I was a project engineer for Jackson Utility Division's electric  
3 system for six years.

4  
5 I am a graduate of The University of Tennessee with a Bachelor's Degree in  
6 Science/Electrical Engineering, and I am a registered Professional Engineer in the State  
7 of Tennessee. I also serve as a director of The Tennergy Corporation.

8  
9 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A: The purpose of my testimony is to update the Directors on the status of JEA's cable  
11 system bond issue and to respond to aspects of the pre-filed testimony of Mr. William J.  
12 Barta, which was submitted on behalf of Charter Communications in this docket. In his  
13 pre-filed testimony, Mr. Barta suggests that the Directors should review JEA's treatment  
14 of certain start-up costs that have been incurred through September 30, 2003. I will  
15 provide the Directors with further detail concerning the amounts and JEA's arrangements  
16 to repay these start-up costs.

17  
18 **Q. PLEASE PROVIDE AN UPDATE ON THE STATUS OF JEA'S CABLE SYSTEM**  
19 **BOND ISSUE.**

20 A. On September 16th, 2003, JEA closed its bond issue and obtained \$54.3 million in  
21 funding for certain construction and operating expenses to be incurred in connection with  
22 the construction and operation of its cable and internet system. The bonds were issued as  
23 taxable variable rate demand bonds.

1  
2  
3 **Q. PLEASE DESCRIBE THE EXPENDITURES THAT THE ELECTRIC DIVISION**  
4 **HAS INCURRED ON BEHALF OF THE TELECOMMUNICATIONS DIVISION**  
5 **THROUGH SEPTEMBER 30, 2003.**

6 A. JEA set up work orders in the Electric Division to capture all the expenses associated  
7 with the start up of the Telecommunications Division. Included in the captured costs are  
8 labor and associated employee benefits such as workers' compensation, pension, medical  
9 dental insurance, outside professional services; travel and lodging; software; a building  
10 for cable head end equipment; and vehicles and associated expenses. Costs associated  
11 with the telephone business unit were tracked under a separate work order. As of  
12 September 30, 2003, the total amount of the work orders was \$1,665,472. Of this amount  
13 \$169,203 is in the work orders capturing costs associated with the telephone business  
14 unit.  
15

16 **Q. WILL THE TELECOMMUNICATIONS DIVISION REIMBURSE THE**  
17 **ELECTRIC DIVISION FOR THESE EXPENSES?**

18 A. Yes. In fact, nearly all of these expenditures have already been reimbursed. There have  
19 been a few additional expenses since the issuance of the bonds in September, and the  
20 Telecommunications Division will reimburse these costs as well.  
21

22 **Q. HOW WILL THESE EXPENDITURES BE REIMBURSED?**

1 A. Once JEA issued its bonds, the work orders were transferred to the Telecommunications  
2 Division and the Electric Division was reimbursed from the Bond proceeds for the cable  
3 and internet business unit work order. JEA also made a draw from the line of credit from  
4 Union Planters Bank to pay the costs captured in the telephone business unit work order.  
5 The remaining reimbursements are being captured, and the Telecommunications Division  
6 will be reimbursed the Electric Division when work orders for October, 2003 are closed  
7 out.

8  
9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes, it does.

I swear that the foregoing testimony is true and correct to the best of my knowledge, information and belief.

Dana R. Wheeler

Dana R. Wheeler  
Senior Vice President and Chief Financial Officer  
Jackson Energy Authority

Subscribed and sworn to me this 4<sup>th</sup> day of November, 2003

Amanda Sullivan

NOTARY PUBLIC

My commission expires September 22, 2007

